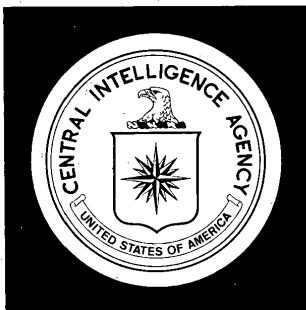


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The President's Daily Brief

March 18, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

March 18, 1974

PRINCIPAL DEVELOPMENTS

No overt rebellious activity has been reported in Portugal since March 16, but the young officers' movement may cause further trouble. (Page 1)

[] Khmer Communist official [] has reiterated the insurgents' refusal to talk with the Lon Nol government, but says they are worried that they may come under international pressure to negotiate when the dry season ends. (Page 2)

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Communist attacks launched this weekend against several government outposts near Kontum City in South Vietnam's central highlands appear to be among the heaviest since the cease-fire went into effect. (Page 3)

Saudi Oil Minister Yamani said late Sunday that OAPEC has agreed to end its oil embargo against the US and partially restore production. Egypt's semi-official newspaper, however, says the decision may be referred to the Arab foreign ministers' meeting on March 25 because of Libyan opposition. (Page 4)

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PORTUGAL

No overt rebellious activity has been reported since 200 dissident troops were disarmed and arrested after trying to move into Lisbon on March 16. The government has arrested about 30 military officers, including a close friend of former deputy chief of staff Spinola.

For the moment, the regime is still in control and reportedly will prohibit a second printing of Spinola's book, which advocates relaxing controls on Portuguese territories in Africa. More problems may lie ahead, however. The young officers' movement--which about half of the country's captains and majors are said to support--has been critical of the establishment's hard line on the African territories. Premier Caetano may share the views of these officers, but his room for maneuver has probably been reduced by the Spinola crisis. Those members of Portugal's business community who want closer ties with Europe may also grow more critical of the regime as the EC considers moves to persuade Portugal to modify its African policy.

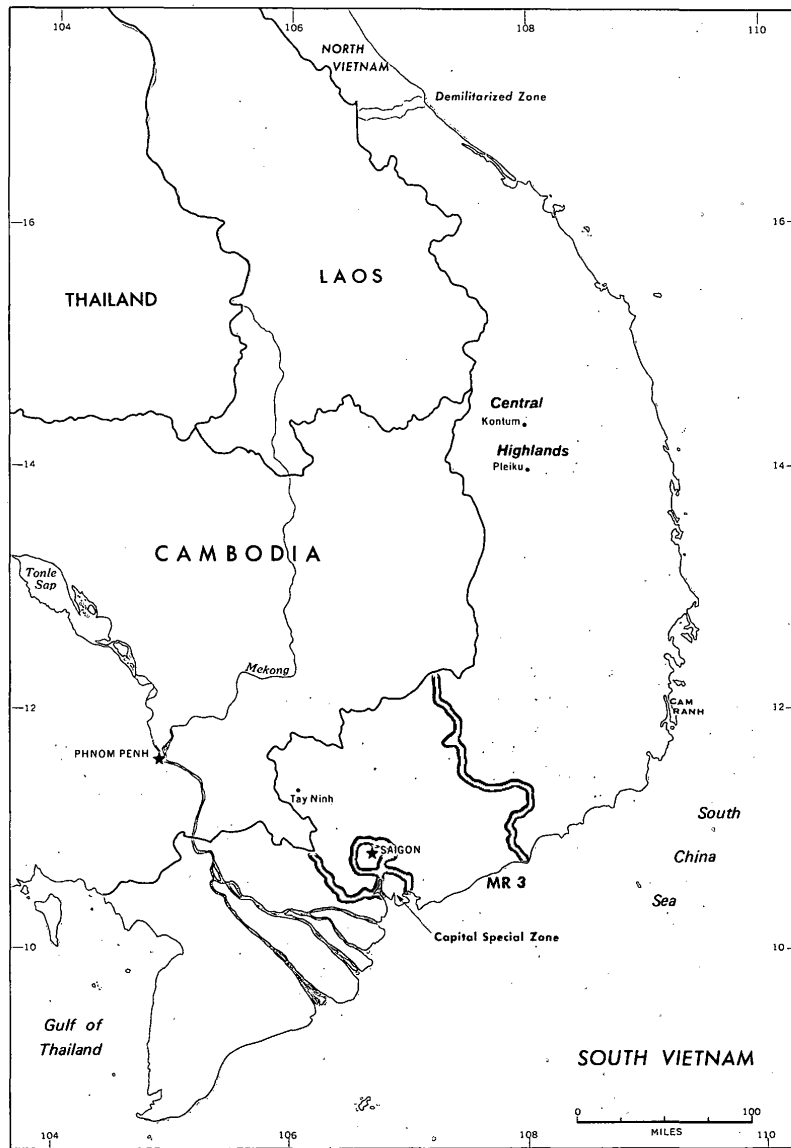
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CAMBODIA

[] Khmer Communist official [] told a supporter of Sihanouk [] that the Khmer Communists will never negotiate with the Lon Nol government. He said Khmer Communist "diplomats" have begun an intensive campaign to inform friendly governments that a Vietnam-style cease-fire and settlement are unacceptable in Cambodia.

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The Communist official was concerned, however, that this tough stance may become harder to maintain. He said the Khmer Communists are worried over indications that unnamed "great powers"--which from the Khmer point of view might include Hanoi as well as Washington, Peking, and Moscow--are waiting until the end of the dry season to exert pressure for negotiations. For this reason, insurgent forces are doing all they can to win a decisive victory during this dry season. He did not say whether the Communists would re-evaluate their position if the offensive should fail to overthrow the Lon Nol government.



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SOUTH VIETNAM

Communist forces launched sharp attacks this weekend against several government outposts near Kontum City in South Vietnam's central highlands.

Two government ranger positions six and eleven miles northeast of Kontum were hit by heavy artillery barrages on March 16; the shellings continued yesterday. Some Communist elements reportedly have moved to within a few miles of Kontum; initial accounts indicate that the fighting is among the heaviest since the cease-fire went into effect. An intercepted message of March 13 had disclosed that the Communists were preparing for the attacks.

Communist attacks may be in the works elsewhere in the highlands and in northwest Military Region 3.

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The Vietnamese Communists could be planning intensified military activity to mark March 19, "All People's Anti-American Day."

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OIL

Saudi Oil Minister Yamani said late Sunday that OAPEC had reached agreement to bring its oil embargo against the US to an end today. He also stated production would be partially restored, but gave no details.

Al Ahram reported this morning, nevertheless, that the decision to lift the embargo may be referred to the Arab foreign ministers' meeting in Tunis on March 25. The newspaper said that Libya remains opposed and that "Egypt insists on a unanimous Arab decision."

The agreement Yamani referred to would have been reached during informal talks he initiated. The ministers had been unable to agree to lift the embargo in their formal meetings earlier in the day, probably because of Libyan and Syrian opposition. Syria apparently decided to go along with the majority decision, but Libya evidently is still opposed.

The reported Arab agreement followed an early Sunday decision by OPEC members to maintain current posted prices during the next quarter. This agreement and those of OAPEC were not easily reached, primarily because the oil-producing countries are aware that any substantial increase in petroleum production must ultimately lead to a lowering of prices. Although Arab petroleum production is only 85 percent of the level in September 1973, prices in the world crude oil market have been softening for several weeks as adjustments to higher prices have curbed demand.

The decision by OPEC to maintain current posted prices for the next quarter was a compromise between Saudi Arabia and the hard-line countries. Saudi Arabia had hoped to lower them, while Algeria, Libya, and Iran pressed for higher prices. Yamani's statement that production would be only partially restored apparently reflects a compromise with the Algerians, who opposed lifting the embargo unless production were maintained at the present level.

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